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SUBJECT: IAEA/BOG/IRAN: STATEMENTS CALL FOR COOPERATION,  
NOTE CONCERN OVER FADING INSIGHT INTO IRAN'S PROGRAM

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Summary  
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¶1. (SBU) Director General ElBaradei's opening statement noted that Iran has continued to place additional limitations on IAEA verification activities, which has resulted in a "deterioration" of the IAEA's knowledge of some aspects of Iran's nuclear program. Almost all country and bloc statements called on Iran to improve its cooperation with the IAEA, and even the NAM and Venezuela asked Iran to continue cooperating. Thirteen statements, including the EU and EU3 statements, called on Iran to comply with UNSC resolutions on Iran and almost a dozen states asked Iran to reconsider recent decisions to suspend Code 3.1 of its Safeguards Agreement, to end Design Verification Inspections at Arak, and/or to de-designate IAEA inspectors.

¶2. (SBU) A number of NAM countries gave tougher statements than in the past, calling on Iran to increase its cooperation with the IAEA. Russia delivered a fairly strong statement, stating its regret that Iran has not complied with BOG or UNSC resolutions and expressing its hope that Iran would reconsider its decision to move Arak outside of IAEA verification. China, however, provided a very weak statement that only noted UNSCR 1747 as "a development" and said that sanctions and pressure would not yield a solution. The Chair's summary, while not accurately reflecting the weight of opinion against Iran, was far more balanced than in the past, accurately describing the various points against Iran.  
End Summary

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DG: "Deterioration" of Knowledge  
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¶3. (SBU) DG ElBaradei's opening statement on June 11 noted that Iran continues to provide the IAEA access to its nuclear material and facilities and that the Agency has been able to verify the non-diversion of declared nuclear material, but quickly turned to highlight concerns over Iran's reduced cooperation. He reiterated that Iran has not taken the steps called for by the Board or the UNSC, and is continuing "steadily to perfect" enrichment-related knowledge, is expanding its enrichment capacity, and has continued construction on its heavy water reactor at Arak. He emphasized that Iran has continued to place additional limitations on IAEA verification activities which has resulted in a "deterioration" of the IAEA's knowledge of some aspects of Iran's nuclear program. The DG also urged that dialogue and diplomacy are the only way to achieve a negotiated solution.

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Chairman Petric Calls the Meeting to Order  
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¶4. (SBU) Board Chairman Petric, noting the UNSC resolutions, the DG's report, and the June 6 technical briefing, opened agenda item 6(e) to discuss the implementation of safeguards in Iran on the afternoon of June 13. Country statements immediately ensued.

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NAM Reads Ministerial Statement  
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¶5. (SBU) The Cuban Ambassador, representing the NAM, provided a verbatim reading of principles from the September 2006 NAM Ministerial: states' rights to peaceful nuclear cooperation in conformity with their legal obligations; that voluntary confidence-building measures should not be construed as legal obligations; that the IAEA is the sole competent authority for safeguards verification; a pitch for a Middle East nuclear weapon free zone; Israel's need to join the NPT; opposition to threats of attacks against nuclear facilities devoted to peaceful purposes; and support for negotiations without preconditions. She highlighted Iran's voluntary and continuing cooperation with the IAEA and positive aspects of the DG's report, including that the Agency has no evidence of diversion, that no reprocessing is taking place, and that Iran has allowed unannounced inspections of Natanz.

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But Some NAM Country Statements Much Tougher  
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¶6. (SBU) Many NAM countries associated themselves with the NAM statement, but virtually every one called on Iran to cooperate with the Agency to resolve the outstanding issues. South Africa said Iran's cooperation has deteriorated and called on Iran to comply with the UNSCRs and to reconsider

its implementation of the Additional Protocol and DIV access to Arak. South Africa recalled that it had warned the international community that moving Iran's file to the UNSC would escalate the crisis and reduce the information available, which had happened.

¶7. (SBU) Other NAM states also called on Iran to increase cooperation with the IAEA, but were not quite as strong. Thailand emphasized positive statements from the DG's report including Iran's continued provision of access, expressed hope for diplomacy and noted that Thailand is complying with UNSCR 1737. Belarus and Indonesia (under Rule 50, which allows non-Board members to speak) delivered short statements that said the issue should only be resolved through diplomacy. Indonesia stated Iran should cooperate to resolve outstanding issues. Belarus more vaguely called on states to be transparent. Egypt said that Iranian cooperation was important to show that it has a purely peaceful program, which is within its rights, though half of the statement reiterated its familiar calls for an international focus on the creation of a nuclear weapons free zone in the Middle East including the denuclearization of Israel. Libya called the ignorance of Israel's nuclear program discriminatory, called for a freeze of UNSC action, and said that the UNSCRs left no leeway for the Board or the DG to convince Iran to be more cooperative, though it encouraged Iran to be more transparent with the IAEA.

¶8. (SBU) Syria, Cuba, and Venezuela (which spoke under Rule 50) were Iran's only defenders at this Board meeting. Syria delivered a short statement focusing on positive elements of the DG's report such as non-diversion and Iran's continued cooperation and argued Iran has ceased only voluntary measures and not legal obligations. Syria reiterated the NAM's claim of a double standard in the Board and noted that Israel's reactors are not under safeguards. Cuba delivered a long country statement that claimed that political interests are driving international actions on Iran and that these actions are discriminatory and threaten international peace and security. Cuba also called US actions a violation of the

"multi-polar" system Cuba endorses and said that US anti-ballistic missile activities threaten peace. It claimed Iran is being used by a pretext for nuclear weapons states to develop arsenals. Cuba called requests for the Board to be constantly informed of Iran's cooperation and activities an "unacceptable" change in procedure. Venezuela echoed the NAM and Cuban statements, but said it wanted continued Iranian cooperation.

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Germany Delivers Strong EU Statement  
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¶9. (SBU) Germany, representing the 27 EU countries and some dozen associated countries, "deplored" Iran's failure to cooperate with both the IAEA and the UNSCRs, noting specifically that while UNSCR 1737 made an enrichment suspension mandatory, Iran has instead expanded its activities. The statement highlighted that Iran cannot unilaterally modify Code 3.1 of its Safeguards Agreement and urged Iran to comply with requests for Design Information Verification (DIV) inspections at Arak given the Agency's continuing right to verification at the facility. Germany listed a number of outstanding issues that are still awaiting Iranian clarification, including polonium activities and Iran's work on a missile reentry vehicle, and called on Iran to reconsider the de-designation of 38 IAEA inspectors. The EU reiterated with concern the DG's statement that the IAEA's knowledge of some of Iranian nuclear activities is deteriorating. The EU reaffirmed its support both for the UNSC process and diplomacy, noting that the P5+1 offer is still on the table as a basis for negotiations.

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EU3 and "Like-minded" Echo EU Themes  
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¶10. (SBU) The UK (speaking for the EU3 and EU High Representative Solana) focused on Iran's increased restriction of the IAEA's access and how this -- in combination with Tehran's "race" to complete nuclear capabilities not necessary to fuel Bushehr instead of returning to negotiations -- is making it more difficult to confirm that Iran's program is peaceful. The EU3 also reiterated that its members are still interested in a negotiated solution and had addressed Iran's desire for nuclear technology again in Madrid two weeks ago during Solana's meeting with Larijani. The UK closed by making clear that if Iran did not increase its cooperation in compliance with the UNSCRs, they would "return to the UNSC."

¶11. (SBU) Canada's statement noted that there has been no progress in resolving a long list of outstanding issues and that Iran continues nuclear activities proscribed by the IAEA and UNSC resolutions. Canada went further than other like-minded states in stating that ending DIV inspections at Arak called into question the access Iran will provide in the future and will make it difficult for the IAEA to develop a safeguard approach for Iranian facilities. Canada stated that although Iran promised cooperation and transparency in October 2003, over the next two years, few of these issues were resolved and more issues arose, implicitly questioning Iran's attitude toward cooperation. Australia made a strong statement along these themes that called Iran's rejection of DIV inspections "unacceptable," called for cooperation to resolve outstanding issues, and asked that the DG report to the Board on the implementation of Technical Cooperation with Iran and Iran's involvement in IAEA projects. Norway, the Republic of Korea, and Japan also made short but fairly strong statements on these themes. New Zealand under Rule 50 reiterated these themes.

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Russia Pushes Iran, China Says Sanctions Will Fail  
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¶12. (SBU) Russia stated its regret that Iran has not complied

with the IAEA or UNSC resolutions, including suspending enrichment and its heavy water projects, and expressed its hope that Iran would reconsider its decision to move Arak outside of IAEA verification. However, Russia did highlight Iran's agreement to additional safeguards at Natanz as a positive step and noted that this should allow an adequate level of insight into the facility. Nevertheless, Russia called on Iran to cooperate more fully as it had in the past and said that resolution of the Iran issue could only be achieved through negotiations and with respect for the rights of NPT signatories to peaceful nuclear technologies. Russia did not mention the possibility of additional UNSC action if Iran does not increase its cooperation or comply with existing UNSCRs.

¶13. (SBU) China provided a very weak statement that only noted UNSCR 1747 as "a development" and said that sanctions and pressure would not yield a solution. The remainder of the short statement emphasized dialogue, patience, and the P5 1's willingness to enter negotiations.

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South American States Back UNSC  
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¶14. (SBU) The Southern Cone countries (Argentina, Brazil, and Chile) each delivered tough statements calling on Iran to cooperate and requesting compliance with the UNSCRs, which Brazil called "mandatory." Chile mentioned Iran's positive step of allowing unannounced inspections at Natanz though stated that questions about Iran's activities remain. Both Brazil and Argentina mentioned Code 3.1 and the cessation of DIV inspections at Arak in passing, but Brazil said that there was no statement, presumably by the IAEA, on whether DIV inspections should take place between when the initial design information was given and 180 days before the introduction of nuclear material.

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Iran: Aggrieved Victim  
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¶15. (SBU) Iranian Ambassador Soltanieh endorsed the NAM statement and cherry-picked positive aspects from DG reports over the past several years; e.g., he cited every instance the DG had said there were no indications of diversions of declared material. He emphasized that Iran has declared all of its nuclear activities as requested. He argued that there is thus no reason for Iran to remain on the Board agenda. Soltanieh also claimed Iran has mastered enrichment. He then reiterated Iran's rationale for its continued nuclear activities, stressing that it has a right to peaceful nuclear activities, that it has learned it needs to be self-sufficient in nuclear technology, that it had to reduce cooperation with the IAEA to abide by a law passed by its parliament, and that the EU3 has created a "confidence deficit" and escalated the situation. Nevertheless, Soltanieh said Iran is fully prepared to cooperate but will not stop its peaceful nuclear activities, including uranium enrichment.

¶16. (SBU) Soltanieh warned that UNSC involvement in the issue needed to end and that Iran will promptly react to any UNSC actions in accordance with the mandate by its parliament.

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Chairman Provides Balanced Summary  
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¶17. (SBU) Chairman Petric noted that some countries expressed concern that progress has not been made in resolving outstanding issues in Iran, that Iran has further restricted its cooperation leading to a deterioration of knowledge about Iran's program, and that it has not complied with UNSCRs. He noted that countries asked Iran to reconsider its de-designation of IAEA inspectors, and its suspension of Code 3.1.

¶18. (SBU) However, he then noted "other country" concerns and themes from the official NAM statement, including states' rights to peaceful nuclear activities, calls for a nuclear weapons free zone in the Middle East, and that the IAEA is the sole authority to consider technical nuclear issues. He ruled that, per country requests and no objections, the DG's report would be made public.

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U.S. Statement, As Delivered June 13  
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¶19. (U) Mr. Chairman,

The United States Government thanks the IAEA Secretariat for its thorough and professional efforts to execute the Agency's safeguards mandate in Iran and to verify Iran's compliance with the requirements of the UN Security Council.

The Director General's report and his opening statement confirm that Iran has failed to comply with multiple resolutions of the IAEA Board and the UN Security Council.

The Director General describes two disturbing trends:

first, Iran's continued pursuit of capabilities to enrich uranium and produce plutonium in direct violation of UN Security Council Resolutions 1696, 1737, and 1747; and

second, Iran's progressive withdrawal of cooperation with the IAEA, causing a troubling deterioration in the Agency's knowledge of Iran's nuclear activities.

The latest two instances of Iran withholding cooperation from the IAEA are its suspension of Code 3.1 and its denial of inspector access to conduct Design Information Verification inspections at Arak.

Code 3.1 of the Subsidiary Arrangement to Iran's Safeguards Agreement was part of the Board's efforts to strengthen the safeguards system. Iran was the last state with a Comprehensive Safeguards Agreement and significant nuclear activities to accept the current Code 3.1 and now, despite the Board's serious concerns about Iran's nuclear activities, has announced its unilateral decision to suspend it.

Code 3.1 requires Iran to provide early declaration of any decision to construct a new nuclear facility or to modify an existing one and to provide early design information on the facility. The IAEA has informed Iran that Code 3.1 cannot be modified unilaterally and that there exists no mechanism in the Safeguards Agreement for the suspension of provisions agreed to in the Subsidiary Arrangements.

The Director General's report also describes Iran's refusal to permit the IAEA to conduct a Design Information Verification inspection at the heavy water reactor under construction at Arak. Iran claims that this decision is based on its suspension of the early declaration provisions of its Subsidiary Arrangement. Yet, the Arak reactor has already been declared to the IAEA and, as the Director General's report authoritatively states, "the Agency's right to verify design information provided to it is a continuing right, which is not dependent on the stage of construction of, or the presence of nuclear material at, a facility."

Iran's latest denials are cause for serious concern for a number of reasons.

First, these new denials constitute new violations of Iran's international obligations.

Iran has no right to unilaterally suspend Code 3.1 or to deny inspections at Arak. The Director General makes this clear in his report. Iran's denial of inspections at Arak is an apparent breach of its Safeguards Agreement, and its refusal to provide early design information on any new nuclear facilities shows a clear willingness to commit future

breaches.

Moreover, the denial of access to IAEA inspectors violates Resolution 1737 of the UN Security Council, which requires Iran to cooperate fully with the IAEA in addressing outstanding issues.

Second, these new denials cast new doubts on the nature of Iran's nuclear activities and the intentions of its leadership.

By denying early design information, Iran's leaders are indicating that they will not inform the IAEA of new nuclear facilities until just before nuclear material is introduced. This signals the possibility of Iran building new, sensitive nuclear facilities in secret and only informing the IAEA just before operations begin.

This is of serious concern given Iran's past record of hiding nuclear installations like Natanz from the IAEA, Iran's repeated failures to declare sensitive nuclear activities, and Iran's continued refusal to provide the IAEA information on all aspects of its centrifuge activities, including its work on advanced centrifuges.

By denying inspections at Arak, Iran is preventing IAEA inspectors from verifying that the facility is being built as Iran has declared. The IAEA is being denied the ability to ensure effective safeguards implementation that covers all aspects of the reactor's design, such as irradiation channels. This is especially serious given Iran's proven history of undeclared irradiation of uranium targets that were later used for reprocessing experiments. Moreover, the continued denial of access would mean that the IAEA would not know until shortly before the reactor begins operations whether Iran has installed hot cells or the capability to reprocess spent fuel and extract plutonium on a scale sufficient to produce nuclear weapons.

Mr. Chairman, let's recall the heavy water reactor under construction at Arak is well designed to produce plutonium. This is why the UN Security Council has required Iran to suspend work at this facility and why this Board denied technical cooperation in its construction.

Mr. Chairman, if Iran's leaders claim their pursuits are transparent and peaceful, why do they persist in violating their international obligations and refusing cooperation with the IAEA? If Iran's leaders want the world's confidence, why are they keeping inspectors out of Arak and refusing to provide early information on new nuclear facilities?

The United States joins with other Board members in supporting the Agency's request of April 18, 2007, that Iran both reconsider its decision with regard to Code 3.1 and permit the Agency to carry out Design Information Verification at Arak at the earliest opportunity.

Mr. Chairman, Iran's latest refusals to cooperate only add to a long list of previous refusals by Iran to provide necessary, and in many cases required - cooperation, information, and access to the IAEA. Another recent example is Iran's denial of designation for 48 inspectors to Iran. The Director General reports that this remains an unresolved matter.

The United States firmly supports the Secretariat's request to reverse the denial of inspector designations. This is particularly important now that an unannounced inspection regime has been established at Natanz, a regime that will presumably impose additional requirements for Iran-designated inspectors.

My delegation asks the Director General to report to the Board immediately if Iran's denial of inspectors hinders the implementation of safeguards in Iran. We also ask the

Director General to report immediately if there are additional Iranian denials of any IAEA requests.

Mr. Chairman, we are disappointed that Iran's leaders have ignored international concerns and violated Iran's international obligations. We are disappointed that Iran's leaders have not taken advantage of the willingness of the United States, Europe, Russia, and China to engage in diplomatic negotiations on the basis of last June's six-country offer.

The six-country offer and the offer of direct talks with the United States remain on the table. Iran's leaders need only to comply with their international obligations to the IAEA and Security Council.

Thank you, Mr. Chairman  
SCHULTE